

# **BIG 5 HLABISA MUNICIPALITY**



## **DRAFT FRAUD PREVENTION AND ANTI-CORRUPTION POLICY**

## **TABLE OF CONTENTS**

### **1. INTRODUCTION AND SCOPE**

### **2. APPROACH TO THE DEVELOPMENT OF THE POLICY**

### **3. PRINCIPLES AND OBJECTIVES OF THE POLICY**

### **4. COMPONENTS OF THE POLICY**

### **5. PREVENTING FRAUD AND CORRUPTION**

#### 5.1 Code of Conduct

#### 5.2 Big 5 Hlabisa Municipality's policies, procedures, rules and regulations

#### 5.3 Disciplinary code and procedures

#### 5.4 Internal Controls

### **6. DETECTING AND INVESTIGATING FRAUD AND CORRUPTION**

#### 6.1 Internal Audit

#### 6.2 Ongoing risk assessment and management

### **7. REPORTING AND MONITORING**

#### 7.1 Reporting procedures and resolution of reported incidents

#### 7.2 Confidentiality

#### 7.3 Publication of Sanctions

#### 7.4 Protection of Whistle-Blowers

#### 7.5 Application of Prevention Controls and Detection Mechanisms

### **8. FURTHER IMPLEMENTATION AND MAINTENANCE**

#### 8.1 Creating awareness

#### 8.2 Ongoing maintenance and review

### **9. COMPLIANCE AND ENFORCEMENT**

### **10. ADOPTION OF THE POLICY**

## DEFINITIONS

Throughout this document, unless otherwise stated, the words below have the meanings stated opposite them:

**"Municipality"** the Municipality of BIG 5 HLABISA LOCAL Municipality;

**"Fraud and corruption"** includes, but is not limited to:

(a) The following legal definitions:

- (i) **Fraud**, i.e. "the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another";
- (ii) **Theft**, i.e. the unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently";
- (iii) Offences in respect of **corrupt** activities as defined in the Prevention and Combating of Corrupt Activities Act, 2004, i.e:
  - The general offence of *corruption* which could be summarised as directly or indirectly accepting or agreeing to accept any gratification from another person; giving or agreeing to give any other person any gratification in order to influence that person directly or indirectly to exercise his powers, duties or legal obligations in a manner which is/amounts to:
    - Illegal, dishonest, unauthorised, incomplete, or biased;
    - Misuse or selling of information or material acquired;
    - Abuse of position of authority;
    - Breach of trust;
    - Violation of a legal duty or set of rules designed to achieve an unjustified result; and
    - Any other unauthorised or improper inducement to do or not to do anything;
  - Corrupt activities in relation to:
    - Public officials;
    - Foreign public officials;

- Agents;
  - Judicial officers;
  - Members of the prosecuting authority;
  - Unauthorised gratification received or offered by or to a party to an employment relationship;
  - Witnesses and evidential material during certain proceedings;
  - Contracts;
  - Procuring and withdrawal of tenders;
  - Auctions;
  - Sporting events; and
  - Gambling games or games of chance;
- Conflicts of interests and other unacceptable conduct, e.g.:
    - Acquisition of private interests in contracts, agreement in or investments in public body;
    - Unacceptable conduct relating to witnesses; and
    - Intentional interference with, hindering or obstruction of investigation of offence;
    - Other offences relating to corrupt activities, viz:
      - Accessory to, or after an offence;
      - Attempt, conspiracy and inducing another person to commit offence; and
    - Failure to report corrupt transactions.

(b) Fraudulent and corrupt acts which may include:

- (i) Systems issues: where a process/system exists which is prone to abuse by employees, the public or other stakeholders, e.g.:
  - Procurement fraud, e.g. irregular collusion in the awarding of tenders or orders for goods and/or services;
  - Deliberate non-compliance with delegation of authority limits;
  - Collusion in contracts management;
  - Revenue fraud;
  - Travel and subsistence fraud; and
  - Disclosing confidential or proprietary information to outside parties;

- (ii) Financial issues: i.e. where individuals or companies have fraudulently obtained money from the Municipality, e.g:
  - Syndicate fraud, e.g. interception of warrant vouchers;
  - Creditors fraud, e.g. diverting payments to incorrect creditors;
  - Suppliers submitting invalid invoices or invoicing for work not done;
  - Payroll fraud, e.g. creation of "ghost employees";
  - Theft of funds; and making a profit from inside knowledge.
- (iii) Equipment and resource issues: i.e. where the Municipality's equipment is utilised for personal benefit or stolen, e.g.:
  - Theft of assets, e.g. computers, face value forms, etc;
  - Personal use of resources, e.g. telephones, internet, e-mail; and
  - Irregular destruction, removal, or abuse of records (including intellectual property);
- (iv) Other issues: i.e. activities undertaken by employees of the Municipality which may be against policies or fall below established ethical standards, e.g:
  - Soliciting gifts or favours from consultants or other suppliers, e.g. acceptance of "kick-backs"
  - Pursuing private business interests without permission;
  - Nepotism;
  - Favouritism.

<b>"MFMA"</b>	Municipal Finance Management Act, Act No. 56 of 2003
<b>"SAPS"</b>	South African Police Services
<b>"Cabinet"</b>	Parliamentary Cabinet of the Republic of South Africa
<b>"Code"</b>	The code for Municipal Staff Members as prescribed in Section 69 of the Local Government Municipal Systems Act, Act 32 of 2000
<b>"Internal Controls"</b>	This is be used as the term describing procedures and business process which assist in detecting and preventing theft, fraud and corruption.

<b>"Policy"</b>	Fraud Prevention and Anti – Corruption Policy for the Inaka Local Municipality.
<b>"Systems"</b>	Refers to either manual or information technology driven program's used for the implementation of internal controls.
<b>"Employer"</b>	Big 5 Hlabisa Local Municipality
<b>"Employee"</b>	an employee of the Employer and can be a permanent, temporary or contractual incumbent.
<b>"Relative"</b>	<p>a person related to the employee in the first, second or third degree and includes a step-family member. (A child is related to his/her father in the first degree and a grandchild is related to the grandfather in the second degree)</p> <p>The spouse or fiancé(e) of the employee or the spouse or fiancé(e) or any person referred to above</p> <p>Any adopted child of the employee or adopted child of the persons referred to above.</p>
<b>"Integrity"</b>	a shared commitment to act in an open, honest and fair manner in all dealings, thereby instilling trust between all parties.

## **1. INTRODUCTION AND SCOPE**

- 1.1** The purpose of this Policy is to document the Municipality's approach to the prevention and detection of fraud and corruption.
- 1.2** This policy is intended to set down the Municipality's stance to fraud and corruption and to reinforce the Municipality's existing systems, policies, procedures, rules and regulations aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption.
- 1.3** This policy applies to all allegations, attempts and incidents of fraud and corruption impacting or having the potential to impact the Municipality.
- 1.4** All employees of the Municipality must comply with the spirit and content of the Policy.
- 1.5** The Policy is dynamic and will continuously evolve as the Municipality makes changes and improvements in its drive to promote ethics, as well as to fight fraud and corruption.

## **2. APPROACH TO THE DEVELOPMENT OF THE POLICY**

- 2.1** Several business risks, including fraud and corruption risks, have been identified as part of risk assessments conducted annually in the Municipality in addition to risks identified in the implementation of normal operational business processes from time to time. These fraud and corruption risks were taken into account during the development of the Policy.
- 2.2** The Policy also incorporates principles contained in the Public Sector Anti- Corruption Strategy dated January 2002, endorsed by Cabinet.
- 2.3** The fraud and corruption risks identified in the updating of the Policy cannot be relied upon as an indication of the full spectrum of fraud and corruption risks facing the Municipality, but rather as an indication of the types of risks.
- 2.4** The Policy does not guarantee that the Municipality will not be impacted by incidents of fraud and corruption but is intended to serve as an additional measure to assist in the limitation of fraud and corruption risk with a particular focus on creating awareness and promoting ethical business conduct.

### **3. PRINCIPLES AND OBJECTIVES OF THE POLICY**

#### **3.1** The primary principles of the Policy are the following:

- Creating a culture, which is intolerant to fraud and corruption;
- Deterrence of fraud and corruption; Preventing fraud and corruption;
- Detection of fraud and corruption;
- Investigating detected fraud and corruption; taking appropriate action against fraudsters and corrupt individuals, e.g. prosecution, disciplinary action, etc; and Applying sanctions, which include redress in respect of financial losses.

#### **3.2** From the above principles the consequential objectives that follow are:

- For all employees and councillors of the Municipality to encourage a culture within the administration of the Municipality and the community at large to continuously behave ethically in their dealings with, or on behalf of the Municipality, and within the community itself;
- Improving accountability, efficiency and effective administration within the Municipality;
- Improving the application of systems, policies, procedures and regulations;
- Improving aspects of the Municipality which could facilitate fraud and corruption and allow these to go unnoticed or unreported; and
- Encouraging all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption, impacting or having the potential to impact on the Municipality.

### **4. COMPONENTS OF THE POLICY**

The above principles and objectives are not intended to detract from the premise that all existing Codes, Policies, Rules and Procedures (Business Systems), are equally essential for the successful realisation of the Policy. These components include the following:

#### **4.1 Code of Conduct**

Municipal councillors and staff members shall comply with Schedule 1 (Code of Conduct for Councillors) and Schedule 2 (Code of Conduct for Municipal Staff Members) of the Local Government Municipal Systems Act (Act No 32 of 2000). In summary everyone is to:

- trust one other and be professional in their conduct;
- never abuse authority, privileges or benefits provided by the municipality;
- be honest in all actions and shall portray a self image and a corporate image of integrity, honesty and stringent business ethics;



- respect the beliefs and viewpoints of colleagues, customers and suppliers;
- honour the spirit of all contracts and agreements entered , both internally and externally;
- never to use the municipality's name, or sacrifice impartial judgment, for the sake of personal benefit
- uphold the highest moral standards in day-to day activities.

Officials and councillors may not engage in practices or pursue private or personal interests which are in conflict with the municipality's interests. A conflict of interest in this sense is one that could result in financial damage or loss for the municipality or harm to the municipality's image in the eyes of the business associates or the general public.

- The Municipality's systems, policies, internal controls (business processes and procedures), rules and regulations;
- The Disciplinary Code and Procedures;
- Physical and information security management;
- Internal Audit;
- External Audit;
- Ongoing risk assessment and management of business systems and internal controls which includes systems for fraud and corruption detection;
- Reporting and monitoring of allegations of fraud and corruption;
- Creating awareness amongst employees, the public and other stakeholders (e.g. goods and service providers) through communication and education relating to relevant components of the Policy, the Code and other regulations; and
- Ongoing maintenance and review of the Policy to ensure effective project management of its further implementation and maintenance.

## **5. PREVENTING FRAUD AND CORRUPTION**

### **5.1 Code of Conduct**

The ethical principles contained in the Code are applicable to all employees of the Municipality. Therefore, the Code forms part of the Policy for the Municipality.

Processes and mechanisms to manage professional ethics are key to the fight against fraud and corruption. The Municipality will arrange workshops to create awareness of the Code amongst employees. A further objective of this training is to reinforce the expectations of the Municipality and government employees of the State on their conduct and behaving ethically and with integrity.

All employees are required to sign an annual declaration serving as an indication of their understanding of, and commitment to, the Code; and

A record of the declaration of private business interests and actual or potential conflicts of interest by all employees must be kept and maintained.

## **5.2 The Municipality's systems, policies, procedures, rules and regulations**

**5.2.1** The Municipality has a number of systems, policies, procedures, rules and regulations designed to ensure compliance with government legislation.

**5.2.2** The Municipality has identified a fraud and corruption risk in this area as being the lack of application, knowledge, awareness, effective communication and training with regard to its prevailing prescripts. Furthermore, the Municipality has also identified the risk that some policies and procedures may be inadequate.

**5.2.3** The management of the Municipality will improve awareness and knowledge of the relevant systems, policies, procedures, rules and regulations, including the requirements of the MFMA and the Preferential Procurement Policy Framework Act amongst its employees. The Municipality will develop clearly defined communication and training strategies to create awareness of existing and new policies and procedures in order to ensure that all employees are made aware of, and are adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, including:

- Provision for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures;
- The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and
- The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees, for example, the taking of corrective action against offenders not complying with policies and procedures.

**5.2.4** A structured monitoring mechanism must be developed for the keeping of proper records of the policies and procedures that are being updated, and of new policies and procedures that are being developed in order to set clear targets and monitor progress.

- 5.2.5** The Municipality is committed to developing human resources systems, policies and procedures, which will incorporate the fraud and corruption prevention practices detailed below. The development of a system for transparent and merit-based hiring and promotion practices with objective standards in order to reduce the risk of nepotism and favouritism, both of which are damaging forms of fraud and corruption;
- Thorough pre-employment and security clearance screening of candidates for sensitive positions. The Municipality will verify at least the previous employment, qualifications, citizenship and criminal records of all persons before they are employed;
  - The Municipality applies the resolutions of its collective bargaining council, which enables employees who have been unfairly or falsely accused to seek recourse. This is based on the recognition that aggrieved employees may become malicious, thus increasing the risks of them committing fraud and corruption; and
  - The Municipality recognises that, despite ongoing organisational and policy changes, for example employment equity policies, matching of competence to the job is extremely important. As part of its approach to the management of human resources, the Municipality will continue to pursue steps to limit the risk of incompetent people being appointed.
- Management must be held accountable for complying with and implementing the Municipality's systems, policies, procedures, rules and regulations and for preventing fraud and corruption. This will be addressed in job descriptions, agreed work policies and performance contracts.
- The Municipality will also develop a system with clear guidelines for the placing of prohibitions on individuals and restriction of entities found guilty of fraud and corruption against them.

### **5.3 Disciplinary code and procedures**

The disciplinary code and procedures prescribes appropriate steps to be taken to resolve disciplinary matters.

The Municipality recognises the fact that the consistent and efficient application of disciplinary measures is an integral component of effective fraud and corruption prevention. The following steps to expedite the consistent, efficient and speedy application of disciplinary measures must be initiated:

- Creating awareness amongst employees to ensure that disciplinary standards are adhered to;
- Ongoing training of managers in the application of disciplinary measures and the disciplinary process, and sustaining this training;

- Developing a system to facilitate the consistent application of disciplinary measures; and
- Regular monitoring and review of the application of discipline with the objective of improving weaknesses identified.
- where managers are found to be inconsistent and /or inefficient in the application of discipline, firm corrective action will be considered

## **5.4 Internal controls**

**5.4.1** This section of the Policy relates to basic internal controls to prevent and detect fraud and corruption and the training of employees in internal control and the conducting of their day-to-day duties. The systems, policies, procedures, rules and regulations of the Municipality prescribe various controls, which if effectively implemented, would limit the risk of fraud and corruption. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:

**5.4.1.1 *Prevention controls*** - These are divided into two sub-categories, namely, Authorisation and Physical;

**5.4.1.2 *Detection controls*** - These are divided into four categories, namely, Arithmetic and Accounting, Physical, Supervision and Management Information; and

**5.4.1.3 *Segregation of duties.***

### **5.4.2 Prevention Controls**

Authorisation:

- All transactions require authorisation or approval by an appropriate responsible person.
- The limits for these authorisations are specified in the delegations of authority of the Municipality as well as in various government prescripts.

Physical

These controls are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel.

### **5.4.3 Detection controls**

Arithmetic and accounting

These are basic controls within the recording function which check that transactions to be recorded and processed have been authorised, that they are complete, and that they are correctly recorded and accurately processed.

Such controls include checking the arithmetical accuracy of records, the maintenance and checking of totals, reconciliations, control accounts, and accounting for documents.

#### Physical

These controls relate to the security of records. They therefore underpin arithmetic and accounting controls.

Their similarity to preventive controls lies in the fact that these controls are also designed to limit access.

#### Supervision

This control relates to supervision by responsible officials of day-to-day transactions and the recording thereof.

#### Management information

This relates to the review of management accounts and budgetary control.

These controls are normally exercised by management outside the day-to-day routine of the system.

#### **5.4.4 Segregation of duties**

One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit fraud and corruption.

Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.

Functions that should be separated include those of authorisation, execution, custody, and recording and, in the case of computer-based accounting systems, systems development and daily operations.

Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.

Despite the existence of systems, policies, procedures, rules and regulations to address internal control, risk assessments have identified deficiencies such as inadequate checking and supervision, poor control over expenditure and lack of sufficient control measures in some areas. Some of these result from lack of training, expertise, knowledge and capacity.

The Municipality will continue to initiate steps to address the problem of lack of training, expertise and knowledge in systems, policies, procedures, rules and regulations to improve internal control. Areas of weakness must be identified during audits and risk assessments.

Furthermore, the Municipality will also continue to re-emphasise to all supervisors that consistent compliance by all employees with internal control is one of the fundamental controls in place to prevent fraud and corruption. Managers are encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely systems and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.

Furthermore, the Municipality will develop a formal system by which the performance of managers is appraised by taking into account the number of audit queries raised and the level of seriousness of the consequent risk to the Municipality as a result of the internal control deficiency identified. This is intended to raise the level of manager accountability for internal control.

Where managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm disciplinary action(s) will be considered.

#### **5.4.5 Physical and information security**

##### **Physical security**

The Municipality will consider conducting a regular detailed review of the physical security arrangements at its offices and improve weaknesses identified. Specific focus areas are the physical security over infrastructure, assets and staff.

**Information security**

The Municipality will ensure that all employees are regularly sensitised to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular access control, and ensure that systems are developed to limit the risk of manipulation of computer data.

Regular communiqués will be forwarded to employees pointing out the security policy, with particular emphasis on e-mail and Internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed on prevailing policy in this regard, disciplinary action will be taken.

Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed.

**6. DETECTING AND INVESTIGATING FRAUD AND CORRUPTION****6.1 Internal Audit**

The Municipality has outsourced its Internal Audit function. The Municipality recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Policy.

The Municipality will regularly re-emphasise to all managers that consistent compliance by employees with internal controls is one of the fundamental controls to prevent fraud and corruption. Managers are encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.

Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.

**6.2 Ongoing risk assessment and management**

The Municipality acknowledges the fact that it faces diverse business risks from both internal and external sources. A comprehensive risk assessment of all its programmes has been conducted. This information will be used to assist management with the following:

- Prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified; and

- To enable management to continually assess and update the risk profile (incorporating fraud and corruption risk) of the Municipality.

Presentations to employees of the Municipality will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing the Municipality and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

The Municipality will also consider specific fraud and corruption detection reviews, detailed below, on a regular basis. This will include the conducting of presentations to managers and staff to ensure that they have a more detailed understanding of the fraud and corruption risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier. These include:

- Asset and inventory management; Procurement/Supply Chain Management; Conflicts of interest; Project management and maintenance; Contracts management; Fleet management; Plant Hire; Compliance to delegations of authority; Budget control; Creditor payments; Revenue management Payroll; and Travel and subsistence claims.

## **7. REPORTING AND MONITORING**

### **7.1 Reporting procedures and resolution of reported incidents**

#### **7.1.1 What should an employee do if he/she suspects fraud and corruption?**

It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate manager, senior management and/or the Municipal Manager.

All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the City Manager. The City Manager will initiate an investigation into the matter.

Should employees wish to report allegations of fraud and corruption anonymously, they can contact the fraud hotline, any member of senior management, the Municipal Manager or the Chairperson of the Audit Committee.

#### **7.1.2 What should a Councillor do if he/she suspects fraud and corruption?**

It is the responsibility of all councillors to immediately report all allegations or incidents of fraud and corruption to the Speaker or the Chairman of the Oversight Committee and/or the Municipal Manager.



Unless it is the Municipal Manager who is suspected of being involved with fraud and corruption, the Municipal Manager will initiate an investigation into the matter.

Should councillors wish to report allegations of fraud and corruption anonymously, they can contact the fraud hotline, any member of senior management, the Municipal Manager or the Chairperson of the Audit Committee.

**7.1.3** What should a member of the public or providers of goods and/or services do if they suspect fraud and corruption?

The Municipality encourages members of the public or providers of goods and/or services who suspect fraud and corruption, to contact the City Manager or any other member of senior management.

**7.1.4** How will the Municipality deal with allegations of fraud and corruption?

For issues raised by employees, members of the public or providers of goods and/or services, the action taken by the Municipality will depend on the nature of the concern.

The matters raised will be screened and evaluated and may subsequently:

- Be internally investigated; or Referred to the South African Police Service ("SAPS") or other law enforcement agency.
- Any fraud and corruption committed by an employee or any other person will be pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of:
  - In case of employees, taking disciplinary action within a reasonable period of time after the incident;
  - Instituting civil action to recover losses; Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
  - Any other appropriate and legal remedy available.

**7.1.5** Managers are required to ensure that losses or damages suffered by the Municipality, as a result of all reported acts committed or omitted by an employee or any other person, are recovered from such an employee or other person if he or she is found to be liable for such losses.

## **7.2 Confidentiality**

All information relating to fraud and corruption that is received and investigated will be confidentially treated. The progression of investigations will be handled in a confidential

manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

No person is authorised to supply any information with regard to allegations or incidents of fraud and corruption to the media without the express permission of the Municipal Manager.

### **7.3 Publication of Sanctions**

The Municipal Manager will decide, in consultation with appropriate senior managers, whether any information relating to corrective actions taken or sanctions imposed regarding incidents of fraud and corruption, should be brought to the direct attention of any person or made public through any other means.

### **7.4 Protection of Whistle Blowers**

An employee who reports suspected fraud and corruption may remain anonymous should he/she so desire.

No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption that occurred within the Municipality.

All managers should discourage employees or other persons from making allegations, which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations must be subjected to firm disciplinary, or other appropriate action.

### **7.5 Application of Prevention Controls and Detection Mechanisms**

In respect of all reported incidents of fraud and corruption, senior management are required to immediately review, and where possible, improve the effectiveness of the controls, which have been breached in order to prevent similar irregularities from taking place in future.

## **8. FURTHER IMPLEMENTATION AND MAINTENANCE**

### **8.1 Creating awareness**

This component of the Policy comprises two approaches, namely education and communication.

#### **8.1.1 Education**

The creating of awareness amongst employees is intended to address the following issues:

- Informing employees on an ongoing basis on what constitutes fraud and corruption;
- Promoting the Municipality and national policies that must be adhered to, including the values and principles of public administration as contained in the Constitution and standards of professional conduct;
- Informing employees of fraud and corruption risks to enable an understanding of specific risks to which the Municipality may be exposed, thus enhancing the prospect of detecting irregularities earlier;
- Encouraging employees to blow the whistle on fraud and corruption;
- Employee awareness of the current legislative framework as it relates to fraud and corruption, and their obligations and rights should they blow the whistle on fraud and corruption, the nature of the witness protection system and the roles and responsibilities of existing anti-corruption institutions; and
- Informing employees of their obligations and rights in terms of the Access to Information and Promotion of Administrative Justice Acts.

#### **8.1.2 Communication**

The objective of the communication approach is to also create awareness amongst employees, the public and other stakeholders, of the Policy in order to facilitate a culture where all stakeholders strive to contribute toward making the Policy a success as well as for the sustaining of a positive, ethical culture within the Municipality. This will increase the prospect of fraud and corruption being reported and improve the Municipality's prevention and detection ability.

Communication strategies that will be considered by the Municipality are the following:

- Posters, newsletters, pamphlets and other publications to advertise the Code and the Fraud Policy, aimed at employees, the public and other stakeholders;

- Screensavers on computers with appropriate anti-fraud and corruption and pro-ethics messages;
- Attachments or reference in tender invitation documents relating to the Municipality's stance to fraud and corruption, where such irregularities can be reported and the actions that will be considered;
- Appropriate attachments to offers of employment and inclusion of appropriate items in induction and training programmes;
- Prudent terms in contracts signed with providers of goods and/or services relating to offering of gifts to employees of the Municipality;
- Signing of declarations of commitment by all employees to the Policy and
- Endorsements of correspondence directed at providers of goods and/or services with anti-fraud and corruption and pro-ethics messages.

## **8.2 Ongoing maintenance and review**

The Municipal Manager will be responsible for the ongoing maintenance and review of the Policy. This includes:

- Evaluating reports of fraud and corruption received and highlighting areas of fraud and corruption risk within the Municipality;
- Considering fraud and corruption threats to the Municipality and making recommendations to appropriate committees or management;
- Considering criminal activity threatening the Municipality and making fraud and corruption prevention recommendations with regard to areas that should be examined;
- Monitoring action taken to implement recommendations relating to incidents of fraud and corruption;
- Steering and taking responsibility for the Policy; \_\_Reviewing and making appropriate amendments to the Code and the Fraud Policy;
- Amending the awareness programme as necessary, and implementing the changes; and
- Ensuring that ongoing communication and implementation strategies are developed and implemented.
- The Policy will be reviewed on an annual basis.

## 9. COMPLIANCE AND ENFORCEMENT

- 9.1** Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.
- 9.2** It will be the responsibility of Chief Financial Officer to enforce compliance with this Policy.

## 10. POLICY ADOPTION

This revised Policy replaces the current Policy; it has been considered and approved by the **COUNCIL OF BIG 5 HLABISA LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date: .....

It shall be effective and binding upon adoption by Council.